

---

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

---



A Professional Accounting Corporation

[www.pncpa.com](http://www.pncpa.com)

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1 - 2
<b><u>Financial Statements</u></b>	
Statements of Net Assets	3
Statements of Revenues, Expenses and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 11
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government     Auditing Standards</i>	12 - 13
Schedule of Findings and Questioned Costs	14
Schedule of Prior Year Findings and Questioned Costs	15

**INDEPENDENT AUDITORS' REPORT**

Officers and Trustees  
Horsemen's Workers' Compensation Insurance Trust

We have audited the accompanying financial statements of the Horsemen's Workers' Compensation Insurance Trust (the "Trust"), which comprise the statements of net assets as of December 31, 2013 and 2012, and the related statements of revenue, expenses, and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Horsemen's Workers' Compensation Insurance Trust as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 30, 2014, on our consideration of the Trust's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.

*Postlethwaite & Nutterville*

Metairie, Louisiana  
June 30, 2014

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**STATEMENTS OF NET ASSETS**  
**DECEMBER 31, 2013 AND 2012**

	<b><u>ASSETS</u></b>	
	<u>2013</u>	<u>2012</u>
Cash	\$ 1,914,138	\$ 670,904
Cash held in claims escrow funds	183,000	200,640
Premiums receivable (less reserve for bad debt of \$21,150 and \$0, respectively)	30,981	42,190
Prepaid excess insurance	275,412	262,389
Other prepaid expenses	50,000	67,500
Due from affiliates	270,839	549,761
Total assets	<u>\$ 2,724,370</u>	<u>\$ 1,793,384</u>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Unpaid claims liability	\$ 2,363,204	\$ 1,894,042
Accounts payable and accrued liabilities	289,299	164,865
Unearned premiums	4,550	5,808
Total liabilities	2,657,053	2,064,715
Net assets (deficit)	<u>67,317</u>	<u>(271,331)</u>
Total liabilities and net assets	<u>\$ 2,724,370</u>	<u>\$ 1,793,384</u>

The accompanying notes are an integral part of these financial statements.

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013	2012
<b><u>Additions to net assets attributed to:</u></b>		
1% workers compensation revenue	\$ 957,062	\$ 981,054
Start premium revenue	2,571,055	2,674,818
Farm premium revenue	198,945	209,173
Total operating revenues	<u>3,727,062</u>	<u>3,865,045</u>
<b><u>Reductions to net assets attributed to:</u></b>		
Claims expense	1,645,021	1,852,238
Excess insurance premiums	512,058	504,810
Claims handling fees	72,478	91,650
Professional fees and contingencies	341,568	323,981
Management fees	775,200	935,500
Other	42,089	17,908
Total operating expenses	<u>3,388,414</u>	<u>3,726,087</u>
<b><u>CHANGE IN NET ASSETS</u></b>	338,648	138,958
<b>NET ASSETS (DEFICIT) - BEGINNING</b>	<u>(271,331)</u>	<u>(410,289)</u>
<b>NET ASSETS (DEFICIT) - ENDING</b>	<u>\$ 67,317</u>	<u>\$ (271,331)</u>

The accompanying notes are an integral part of these financial statements.

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 338,648	\$ 138,958
Adjustments to reconcile change in net assets to net cash provided by operations:		
Change in receivables	11,209	14,620
Change in prepaid excess insurance	(13,023)	6,625
Change in unpaid claims liability	469,162	952,220
Change in claims escrow funds	17,640	(138,537)
Change in other prepaid expenses	17,500	15,564
Change in accounts payable	124,434	164,865
Change in unearned premiums	(1,258)	(1,195)
Change in due from affiliates	<u>278,922</u>	<u>(482,216)</u>
Net cash provided by operating activities	<u>1,243,234</u>	<u>670,904</u>
Net change in cash	1,243,234	670,904
Cash and cash equivalents, beginning of year	<u>670,904</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 1,914,138</u>	<u>\$ 670,904</u>

The accompanying notes are an integral part of these financial statements.



# **HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### ***(a) Background and Organization***

Horsemen's Workers' Compensation Insurance Trust (the Trust) was established on July 13, 2011 as a trust pursuant to Louisiana Revised Statute 4:251 and 4:252 to administer an insurance program for the purpose of providing workers' compensation insurance coverage and related benefits to members of the Louisiana Horsemen's Benevolent and Protective Association 1993, Inc. (the Association). The Trust began providing insurance coverage on July 16, 2011, which is considered the date of inception of operations. The Association was formed for the purpose of protecting the interest of the horse owners and trainers, particularly as it relates to their relationships with the owners and managers of race tracks. The purpose of the Trust is to provide workers' compensation insurance certificates of coverage and related benefits for certain workers participating in the horse racing industry and members of the Association. The Trust's objective is to formulate, develop, and administer a program of workers' compensation and loss control programs for the benefit of participants. This includes developing underwriting and rate-setting policies and administering benefits to claimants under the insurance certificates and to purchase excess insurance contracts for the benefit of the Trust.

Workers' compensation benefits provided by the Trust were previously provided to members of the Association pursuant to insurance policies issued by a third party and reinsured by Horsemen's Insurance Alliance SPC (HIA), which is incorporated in the Cayman Islands as a segregated portfolio company and a captive insurer owned by the Association. Effective July 16, 2011, the Trust began providing coverage to members, which were previously provided by a third party insurance policy in conjunction with HIA acting as the reinsurer for a specified amount of covered risks. All claims and other liabilities prior to this date remain the obligation of the third party insurer and HIA.

The Trust is administered by a Board of Trustees who are appointed by the Board of Directors of the Association. The Trust also contracts with the Association to act as the administrator and manager of the Trust and with other parties to perform certain functions to carry out the objectives of the Trust. The Trust and the Association are affiliated through common membership and management control and are considered to be related parties. Although these entities are related parties, their various net assets are available only to each individual entity for their respective operations.

In the event the Trust has excess assets available for a trust year of operations, the Trustees may, at their sole discretion, declare a dividend payable to members meeting eligibility requirements. Such a dividend will be payable only upon determination by the Board of Trustees and any necessary regulatory approvals.

#### ***(b) Basis of Accounting***

The accompanying financial statements are presented in accordance with U.S. generally accepted accounting principles ("GAAP") and prevailing practices within the insurance industry. The Trust utilizes the accrual method of accounting for financial reporting purposes.

# **HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### ***(c) Revenues and Accounts Receivable***

The Association is funded by the statutorily dedicated funds described in the Louisiana Revised Statute (La R.S) 4:251 through 252, relative to workers' compensation insurance coverage. Pursuant to La R.S. 4:252 (c)(5), the Association receives 2% of all purses and purse supplements available for purses for any race meets in Louisiana. Of the 2% receipts, the Association may utilize up to one-half of the authorized two percent for the improvement and administration of the Louisiana Horsemen's Pension Trust. During the years ended December 31, 2013 and 2012, 1% of the Association's 2% purse receipts was dedicated to the Trust and recognized as revenues in these financial statements. The remaining 1% of the Association's purse receipts was dedicated to the Louisiana Horsemen's Pension Trust which is not a part of these financial statements.

The Association's workers' compensation insurance program also generates premium revenue charged based on either the number of race starts or per payroll level if the member is a non-racing farm. The Association formed the Trust for the purpose of carrying out this program of workers' compensation coverage subsequent to July 16, 2011. Subsequent to this date, all percentage of purse funds received and premiums charged to members on either a per-start or covered payroll basis by the Association were contributed to the Trust and included in revenues in these financial statements.

For Louisiana domiciled participants and participants who meet a Louisiana racing test, coverage is extended while temporarily participating in horse racing and/or training operations. For other participants, coverage is provided while operating at the Louisiana Race Tracks and Louisiana recognized Training Centers. Participants must obtain coverage through the Trust unless the Association declines to provide coverage. In such case, the trainer must provide evidence that other worker's compensation insurance is in place in order to race in Louisiana.

Louisiana domiciled participants and participants who meet a Louisiana racing test will pay premiums on a per start fee. There is a \$55 charge for in-state races. Participants for out-of-state and out-of-country races are charged a fee of \$75 to \$90 per start. Quarter Horse and Thoroughbred farms are charged based on their estimated annual payroll.

Revenues received from a percentage of purses or on a per-start basis are recognized as revenue by the Trust when the event occurs. Premiums from non-racing farms are recognized as revenues over the term of the coverage agreements as they become earned. This method of premium recognition is considered by management to reasonably represent the periods of risk of loss exposure. Premiums are also subject to verification and any adjustments to premiums or revenues are considered to be a change in estimate and are recognized in the period they become known.

The Trust evaluates the collectability of its accounts receivable based on the length of time the receivable is outstanding and historical experience. Accounts receivable are charged against the allowance for uncollectible accounts when they are deemed uncollectible.

Acquisition costs associated with new and renewal coverage agreements are immaterial to the financial statements and are expensed when incurred.

# **HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### ***(d) Unpaid Claims Liability***

The Trust provides workers' compensation coverage to members for claims incurred during the policy period regardless of when the claims are reported to the Trust. The Trust establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Estimated amounts of excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Adjustments to claims liabilities are charged or credited to claims expense in the periods in which they are made. The carrying amount of liabilities for claims losses and claims expense are not discounted for the present value of future payments in the financial statements.

#### ***(e) Excess Insurance Contracts***

The Trust enters into excess insurance agreements to reduce its exposure to large losses on insured events. Excess insurance permits recovery of a portion of losses from third-party insurers, although it does not discharge the primary liability of the Trust as the direct insurer of the insured risks under the coverage agreement. The Trust does not report insured risks as liabilities unless management determines it is probable that those risks will not be covered by the insurers.

#### ***(f) Contributed Services***

A portion of the Trust's functions are conducted by unpaid volunteer trustees and officers. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

#### ***(g) Income Tax Status***

The Trust has filed for an exemption from federal income taxes under Sections 501(c)(4) of the Internal Revenue Code (IRC) and is awaiting determination. Trust management and the Trust's legal counsel believe that the Trust is currently designed and operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Trust's financial statements.

# **HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### ***(g) Income Tax Status (continued)***

The Trust is required to determine whether a tax position of the Trust is more likely than not to be sustained upon examination by the applicable taxing authority based on the technical merits of the position. Management does not believe there are any tax positions taken by the Trust that are subject to uncertainty and as a result, no provisions have been made in these financial statements. The Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2010.

#### ***(h) Insurance Related Assessments***

The Trust may be subject to assessments made by the Louisiana Second Injury Fund and the Office of Workers' Compensation based on benefits paid each year. If the Trust is determined to be subject to these types of loss-based assessments, the Trust intends to recognize these assessments as expense when related claim benefits are incurred rather than paid. Changes in accruals for insurance-related assessments are adjusted in the year assessment rate changes and claims estimates are made.

#### ***(i) Statements of Cash Flows***

For purposes of the statements of cash flows, the Trust considers cash and cash equivalents to be short-term, highly liquid assets that are readily convertible to known amounts of cash.

#### ***(j) Use of Estimates***

Management of the Trust has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates and assumptions. For example, significant estimates and assumptions are used in estimating its insurance liabilities and accruals. If future experience differs materially for these estimates and assumptions, the financial statements could be affected.

### **2. RELATED PARTY TRANSACTIONS**

The Association provides various management and administrative functions for the benefit of the Trust, including the collection of the Trust's revenues. The Trust incurred management fees to the Association of \$775,200 and \$935,500 during the years ended December 31, 2013 and 2012, respectively. At December 31, 2013 and 2012, the Statements of Net Assets included \$270,839 and \$549,761, respectively, due from the Association.

As previously described in Note 1, the Trust's purpose is to provide benefits for members of the Association and is dependent on the Association to contribute revenues to the Trust, which are statutorily derived. The Trust previously operated at a deficit since its inception which included various costs associated with the formation and providing coverage previously provided to the Association's members by a third party and HIA. The Trust's viability is dependent on the Association for operating revenues and funding any cash flow needs.

## **HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

### **NOTES TO FINANCIAL STATEMENTS**

#### **3. CLAIMS ESCROW FUNDS**

At December 31, 2013 and 2012, the funds held by a third party service provider, which are used to pay out claims, were \$183,000 and \$200,640, respectively.

#### **4. CLAIMS EXPENSE AND UNPAID CLAIMS LIABILITY**

The following represents changes in the Trust's aggregate unpaid claims liabilities for the years ended December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Balance – beginning	\$ 1,894,042	\$ 941,822
Net incurred related to:		
Current period	1,852,228	2,075,737
Prior periods	<u>(207,207)</u>	<u>(223,499)</u>
Total incurred	<u>1,645,021</u>	<u>1,852,238</u>
Net paid related to:		
Current period	428,434	605,844
Prior periods	<u>747,425</u>	<u>294,174</u>
Total paid	<u>1,175,859</u>	<u>900,018</u>
Balance – ending	<u>\$ 2,363,204</u>	<u>\$ 1,894,042</u>

The Trust engages an independent consulting actuary to advise on the necessary level of reserve for losses and loss-adjustment expenses. Through December 31, 2013, the Trust did not incur losses which were reasonably expected to reach the excess insurance attachment levels described in Note 5. During 2013, the Trust experienced overall favorable development of approximately \$207,000 on unpaid claims liabilities established in prior years.

In the opinion of the Trust's management, the reserve estimates are adequate to cover the estimated ultimate liability for the losses and loss-adjustment expenses at December 31, 2013. Consistent with most companies with similar insurance operations, the Trust's reserve for losses and loss-adjustment expenses is ultimately based on management's reasonable expectations of the future events. It is reasonably possible that the expectations associated with these amounts could change in the near term (i.e. within one year) and that the effect of such changes could be material to the financial statements. The Trust does not discount its reserves for losses and loss-adjustment expenses.

#### **5. EXCESS INSURANCE COVERAGE**

The Trust purchases specific and aggregate excess insurance policies from New York Marine and General Insurance Company to limit the Trust's losses in excess of specified limits. The Trust's specific excess policy limited the Trust's losses to the retention amount for any single occurrence, up to a maximum benefit. The Fund's aggregate excess coverage provided protection against losses in the aggregate, subject to a minimum retention by the Trust.

## **HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

### **NOTES TO FINANCIAL STATEMENTS**

#### **5. EXCESS INSURANCE COVERAGE (continued)**

The specific excess insurance obtained since inception provides coverage for each and every accident in excess of a \$400,000 retention amount retained by the Trust. The specific excess insurance provides coverage for all statutory benefits owed to the claimant under the Trust's coverage agreement.

The aggregate insurance excess insurance provides for coverage of aggregate losses for the coverage period ending July 1, 2013 and July 1, 2014, exceeding 130% of earned normal premium which is estimated to be an aggregate attachment point of \$3,400,000 and \$3,300,000, respectively. The aggregate excess insurance agreement provides for \$3,000,000 of coverage above this attachment point.

As of December 31, 2013 and 2012, the Trust had not incurred any claims which were reasonably expected to reach the excess insurance coverage levels. Accordingly, no amounts recoverable or receivable were recorded for specific or aggregate amounts expected to be recovered under these agreements. The excess insurance contracts do not relieve the Trust from its obligations to claimants. The Trust remains liable to claimants for the portion insured to the extent that the excess insurer does not meet the obligations assumed under the excess insurance agreement. Failure of the excess insurers to honor their obligation could result in losses to the Trust.

#### **6. SUBSEQUENT EVENTS**

Management has evaluated events through the date that the financial statements were available to be issued, June 30, 2014, and determined that there were no events that required further disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



Postlethwaite  
& Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
[www.pncpa.com](http://www.pncpa.com)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Officers and Trustees  
Horsemen's Workers' Compensation  
Insurance Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Horsemen's Workers' Compensation Insurance Trust (the "Trust"), which comprise the statements of net assets as of December 31, 2013, and the related statements of revenue, expenses and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Nethercill*

Metairie, Louisiana  
June 30, 2014



**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**DECEMBER 31, 2013**

**A. Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued:                      Unmodified

- Material weakness (es) identified?                      \_\_\_\_\_ Yes      X   No
- Significant deficiencies identified that are  
not considered to be material weaknesses                      \_\_\_\_\_ Yes      X   No

Material noncompliance to financial statements?                      \_\_\_\_\_ Yes      X   No

**B. Basis Financial Statements, Findings, and Responses**

**None**

**HORSEMEN'S WORKERS' COMPENSATION INSURANCE TRUST**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**DECEMBER 31, 2013**

**Findings – Financial Statement Audit**

**None**